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SHOW Transcript: PAULA ZAHN NOW 20:00

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Paula ZAHN: Now on to that story on Pentagon spending. We're just learning this week that, over two years, Pentagon workers have spent up to \$80 million for unauthorized first- and business-class plane tickets. That's according to a Government Accounting Office report. And we are putting that into focus tonight.

Joining me from Chicago is Democratic Congresswoman Jan **Schakowsky** of Illinois. She's one of the lawmakers who requested the report. We are also joined from Madison, Wisconsin, by Chellie Pingree, president of the public advocacy group Common Cause.

Welcome. Glad to have both of you with us this evening.

Thank you, Paula.

ZAHN: Representative, let's talk about this figure, more than \$80 million in unauthorized premium travel, first-class travel, business-class travel. How can that be? And why wasn't this caught earlier?

REP. JAN **SCHAKOWSKY** (D), ILLINOIS: Well, this is just one example of gross financial mismanagement at the Department of Defense, at the Pentagon, who can't account for \$1.2 trillion -- that's with a T -- trillion dollars worth of transactions, cannot pass an audit, cannot balance its books.

Every time we shine a light -- this is the sixth investigation that we have done. Every time the GAO shines a light on it, we find this kind of abuse, waste, and fraud, violation of rules.

ZAHN: Why?

SCHAKOWSKY: Well, there is very little internal controls, poor mismanagement, poor management operations, no accountability, no systems. They didn't even know how many people had been flying first- class or business-class. The GAO had to discover the numbers.

If any business operated in this way, they'd either be bankrupt or they would have to fire the management. This is a systemic culture that is going on. We found that -- in other credit card abuses, that people were buying Louis Vuitton bags and spending money at strip clubs, and all kinds of things that are going on. So this use by senior officers and Pentagon officials and presidential appointees of first-class travel has now amounted, we think, maybe more, even, \$80 million.

ZAHN: Wow.

Chellie, you're in contact with lots of military families. And as they hear about this egregious spending, and their loved ones are risking their lives, many of them in Iraq right now, what do they tell you?

CHELLIE PINGREE, PRESIDENT, COMMON CAUSE: Well, we've been asking them to send in their stories. And we get e-mails from the mothers, grandmothers, families of soldiers over there, who we know are risking their lives.

When they come back for their leave, they're dropped off in Baltimore and told, get your own plane ticket home. We had a letter from a mother of a son who had to pay \$800 for his own ticket on military leave. One soldier -- there are 40,000 soldiers in Iraq who don't have proper military armor, protective armor to wear. We got an e-mail about a soldier who was shot. And they didn't have a replacement ceramic piece for him. He flips a coin every day to decide whether to put it on the front or on the back.

These are true stories. And the egregious violations going on here of thinking that people are living in first-class, when our soldiers don't have adequate equipment and have to buy their own plane tickets, it's just hard to put this in balance, especially in the debate that just went on around the \$87 billion. Taxpayers want to think that their money is being spent wisely and that our soldiers are really being taken care of. And it's really just the opposite.

ZAHN: Congresswoman, let's put up on the screen some of what the Pentagon is now saying -- quote -- "The Department of Defense takes very seriously any questionable spending. Any unjustified expenditure diverts funding vitally needed to sustain U.S. military operations and other pressing priorities."

I guess you thought, 20 years ago, the era of \$600 toilet seats and \$500 hammers was over. Is it?

SCHAKOWSKY: I can't begin to tell you how often we've revisited these issues. And while, each time, the Pentagon says they're going to solve the problem, it doesn't get solved.

They're -- while our soldiers are lacking this Kevlar body armor, there's \$30 billion in excess

inventory at the Department of Defense. There are billions of dollars worth of equipment, including weapons systems, they don't even know where they are. And so this is a problem that needs a dramatic solution. In fact, I'm going to introduce a piece of legislation that says the Department of Defense cannot get any increase in its budget until it balances its books, tells us where the money that they're spending is going.

ZAHN: Well, these figures shocked a number of us who saw them for the first time.

(CROSSTALK)

ZAHN: We appreciate both your, Chellie, joining us, and Congresswoman Jan **Schakowsky** as well.

SCHAKOWSKY: Thank you.

PINGREE: Thank you.

ZAHN: Now on to the 2004 presidential race.